

Views from the Field: Decision Making at Nonprofits

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Nonprofit organizations benefit from a cadre of hard-working, dedicated professionals. Despite the talent and experience in this mission-driven sector, many nonprofit organizations are not as efficient or effective as they could be. What is it that holds many organizations back from reaching their full potential and making the impact they wish to achieve?

This past summer, Commongood Careers and Empowering Work Practices conducted a survey to ask the staff members of nonprofit organizations these very questions. The survey, administered in July and August of 2010, was promoted through the Commongood Careers website and email newsletters. Survey participants answered between 16 and 19 questions about career planning and decision making in nonprofit organizations.

When we listened to the opinions of staff members, we heard their message loud and clear: nonprofit organizations have much to learn when it comes to instituting effective decision making and career planning practices.

We were pleased that 218 people agreed to participate in the survey. Of this sample, 93% are or have been employees of a nonprofit organization. Participants spanned a range of positions, including:

- 122 managers (e.g. Senior Manager, Director, Vice President, President and CEO)
- 96 staff members (e.g. Analysts, Coordinator, Associate)

Additionally, the years of experience ranged from less than one year to over 15 years.

The results of the survey were illuminating. In this report, we'll focus on what we learned about decision making in nonprofits. The career planning results and analysis will be presented in a follow-up report to be released in November.

Decision Making Matters

Going into the survey, we theorized that efficacy in decision making is tied to organizational effectiveness. The [results](#) of our survey confirmed our hypothesis: when staff is not involved in or aware of an organization's decision-making practices, they express confusion, disempowerment and dissatisfaction. This sometimes leads to unfortunate and unintended results. When asked to reflect on decision making at their organization, participants reported:

- *"I left my last organization because of lack of clarity about my role and decision-making capacity. As COO, my decisions were often undermined by the CEO."*
- *"I constantly feel like I am not empowered and challenged in my job. I don't know how big decisions are made and I am not at the table making decisions."*
- *"I am not allowed any opportunity to contribute to decisions about which I have valuable information and/or perspective."*
- *"The lack of autonomy to make decisions has negatively impacted my job satisfaction and contributed to my decision to seek employment in a different organization."*

- *“My organization is heavily into “top down” decision-making which is counter productive to real team building and efficiency.”*

As illustrated below, many of the individuals that responded to the survey were unclear as to their decision-making responsibilities. This lack of clarity has serious consequences for the sector, which will be discussed later in this report.

Decision Making Responsibility

When looking at organizational efficiency, it’s important to understand how decision making responsibility is distributed throughout an organization. To this end, we asked:

<i>If you look at the top 10 decisions that impact your job do you generally make these decisions?</i>		
Staff Level	Yes	No
Non-managerial Staff with 6+ Years Experience	18.6%	81.4%
All Managers	37.2%	62.8%
Managers with 6+ Years Experience	56.2%	43.8%

Not surprisingly, the vast majority of non-managerial staff members reported not making decisions that impact their jobs. However, even staff members with six or more years of experience are not making the decisions that matter. It may seem logical that managers would have better insight into the decision-making practices of their organizations, this is not the case. When we reviewed data from managers with more seniority (6 years or more as a manager) the situation improved but not significantly. The question remains: what are the costs of underutilizing this very experienced talent?

Decision Making Confusion

Confusion at any level within an organizational is hardly optimal. Our survey uncovered some serious issues with decision making confusion in nonprofit organizations.

<i>Are you sometimes confused about the decisions you can make?</i>		
Staff Level	Yes	No
Non-managerial Staff with 6+ Years Experience	67.7%	32.2%
All Managers	78.3%	21.7%
Managers with 6+ Years Experience	70.7%	29.3%

Organizations can clearly be doing more to make decision making responsibilities clear to staff. A large majority of non-managerial staff with six or more years of experience reported sometimes being confused about decisions they can make. Surprisingly, the level of confusion actually increases when one compares the responses of experienced and inexperienced managers to the responses of non-managerial staff.

The level of confusion cited by managers was surprisingly high. Similarly, nonprofit managers reported that confusion around decision-making contributed to inefficiencies within their organizations, as illustrated by the following questions

<i>Does your confusion about the decisions you can make create inefficiency in your personal performance?</i>		
Staff Level	Yes	No
Non-managerial Staff with 6+ Years Experience	84.2%	15.8%
All Managers	91.1%	8.9%
Managers with 6+ Years Experience	90.6%	9.4%

<i>Does your confusion about the decisions you can make create operational inefficiency in your organization?</i>		
Staff Level	Yes	No
Non-managerial Staff with 6+ Years Experience	76.3%	23.7%
All Managers	92.2%	7.8%
Managers with 6+ Years Experience	88.7%	11.3%

The above data undercuts the popular notion that most managers have greater insights into and participate in a rational way in decision-making. Again, managers with more seniority answered the question in roughly the same way as more junior managers and staff. These answers bring into question the efficacy of ongoing decision-making practices. If such a large number of managers say that their confusion regarding decision-making is driving operational inefficiencies in their organizations, imagine how an improvement to this score would drive organizational productivity?

When it comes to trying to address confusion about decision-making, current practices seem to be lacking. To explore current practices, we asked:

<i>Has your organization tried to proactively identify the decisions you can make?</i>		
Staff Level	Yes	No
Non-managerial Staff with 6+ Years Experience	19.6%	80.4%
All Managers	31.9%	68.1%
Managers with 6+ Years Experience	38.4%	61.6%

These answers suggest that organizations are not addressing decision-making challenges. This survey did not measure the impact of such ineffective decision-making on an organization's ability to meet its mission. However, in an economic climate where non-profits are often struggling to make ends meet, why do these less than optimal decision-making practices persist?

Concentrated vs. Distributed Decision Making

There are two types of decision making, both with their own merits and challenges. When an organization vests all of its decision-making responsibilities in senior leadership, it utilizes a **concentrated approach**. When an organization allocates its decision-making responsibilities throughout the organization, it utilizes a **distributed approach**.

Concentrated decision-making allows decisions to be made more quickly and with more focus on organizational strategy, while distributed decision-making is generally more inclusive, enhancing participation and communication within the organization. Most organizations exist within this decision-making spectrum.

Our survey results, as well as our experience at Empowering Work Practices, suggest that social sector organizations tend to **concentrate** their decision-making practices. They do so, we believe, for three primary reasons:

Fear of failure. Many nonprofit organizations view themselves as “high performing” entities and failure is not tolerated. Specifically, organization founders tend to unknowingly rely on a fear of failure to drive individual and group performance. This fear or belief prevents a broader group of staff from being trusted to make important decisions. The risk of failure is too high.

A desire for “efficiency”. Related to the point above, organizations often feel that if they entrust a limited number of people with decision-making authority that this will make their decision-making practices more efficient. An unforeseen negative result from this belief is the exclusion of individuals who might positively impact the decision-making process. As a result, their experience and insights are either ignored or neglected, which in turn drives job dissatisfaction and possible attrition. This is hardly a recipe for success.

A tradition of concentrated decision-making. Many decision-makers are unwilling to share decision-making responsibility because they don’t believe that the other potential decision-makers have earned the right to make decisions. They may also believe that concentrated decision-making practices are best and that the stakes are too high to deviate from that assessment.

From our perspective, too many social sector organizations waste the leadership and decision-making insights of too many of their staff. Concentrated decision making practices are not inherently wrong, but as we can see from the results of our survey, they can serve to dis-empower staff at all levels if there is no clarity around who makes key decisions and why.

Decision-making uncertainty creates inefficiency and ineffectiveness. An inability to contribute to decision-making efforts creates discontent in staff and works against retention. As a result, managers and staff alike feel left out and unheard, which often leaves them feeling un-empowered in their professional roles.

Towards Clarity: What Organizations Can Do

If you are a senior manager in the nonprofit sector, you have an important decision ahead of you: do you want your organization to approach decision-making in a concentrated manner or would you and your mission be better served if you were in a distributed decision-making framework? It is important to have a conscious perspective as to where on the decision-making spectrum you want your organization to reside. Each approach has its costs and benefits. The choice is yours. Once you make the decision be clear about what you want. What is important is that your staff understands which paradigm your organization will utilize and how your choice will positively impact both the staff’s personal effectiveness as well as the effectiveness of the organization as a whole.

At Empowering Work Practices, we know that decision-making uncertainty can be mitigated if organizations take the following steps:

- 1) Understand the current decision-making practices of your organization. How do decisions really get made, and who makes them?
- 2) Inventory the key decisions that confront your organization and decide who is really best able to make them.
- 3) Invest in clarifying decision-making responsibility, to the extent possible, throughout the organization.
- 4) Utilize an inclusive and transparent process for decision-making.
- 5) Communicate decision-making responsibilities clearly to staff at all levels.

For more information on the survey or on the Decision Clarity practice, contact Steve Scheier, CEO of Empowering Work Practices, at steve@empoweringworkpractices.com.